

Administration

Employee
Responsibilities

Contracts

POLICY:

.01 The Laboratory may not show favoritism in procuring or purchasing goods or services. The Laboratory reserves the right to disapprove contractual arrangements that violate the intent of this policy even though the legal form appears to comply.

Employee

.02 As used in this policy, the term employee means current employees of and former employees within 2 years after termination from the University of California, including the Los Alamos National Laboratory.

Near Relative

.03 Near relative means a current or former employee's spouse, parents, siblings, children, and adoptive relatives, step-relatives, and relatives-in-law in any of the above categories.

Controls

.04 The word controls means having some right to direct or transfer property (even though no actual title to the property—such as trusteeship, power of appointment, or contract—exists) that could be the basis for influence upon the selection or decisions of an organization's management personnel.

**Significant Financial
Interest**

.05 A person is considered to have significant financial interest in an outside organization if that person owns or controls more than 10% of that organization.

RESPONSIBILITIES:

.06 Each employee is required to inform the Materials Management (MAT) Division Leader about the potential for or appearance of favoritism in Laboratory procurements. Such information includes the possibility of unfair competitive advantage either because a Laboratory employee is a part-time employee of, or a consultant to, a supplier or potential supplier of goods and services to the Laboratory (see [AM 716](#), *Outside Employment: Employee Responsibilities*, and [AM 717](#), *Outside Employment: Supervisor Responsibilities*.) or because a Laboratory employee has a significant

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financial interest in a Laboratory supplier or potential supplier.

RESTRICTIONS:

- .07 An employee may not participate in the evaluation or selection of (or negotiation with) any organization being considered for a subcontract with the Laboratory if the employee (1) has a business relationship with or significant financial interest in the organization being considered or (2) has a near relative who has a business relationship with or significant financial interest in the organization being considered.

Purchasing

- .08 Goods or services will not be purchased from (1) any University of California or Laboratory employee, (2) from a near relative of an employee, or (3) from an organization in which an employee or near relative of an employee has a significant financial interest unless 1 of the following 2 conditions exist.
- .09 **Unavailability** — If MAT-DO has determined that the goods or services are not available from other commercial sources or from the University's or Laboratory's own resources, the purchase may be made following normal procurement policies and procedures.
- .10 **Competitive Bidding** — If the goods or services are available from other commercial sources, a source with the potential for conflict of interest may be selected if chosen on the basis of free competition in accordance with Laboratory procurement policies and procedures (see [AM 1002, Procurement.](#)) and if a written procurement plan has been approved by the Controller (CONT) that
- Has been prepared by the requester in collaboration with appropriate MAT personnel as early as possible before selecting the supplier.
 - Describes the manner in which actual conflict of interest will be avoided, neutralized, or mitigated.
 - Specifically describes how the employee or former employee was clearly not in a position to define the Laboratory need for, or influence the

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specifications governing, the intended procurement.

Specifically describes how the current or former employee has not been, and will not be, in possession of internal procurement information that could be used for unfair competitive advantage.

Specifically describes how the current or former employee has been and will be isolated from influence on the Laboratory's evaluation, tests, or approval of the proposed supplier's product or service or any other management decisions that would appear to be the result of favoritism or undue influence.

Specifically describes how an employee or former employee cannot influence the selection of, or arrangements with, the proposed supplier and will be isolated from influence on the scope of work and other contract management or administration after the contract is awarded.

DETERMINATIONS:

- .11 In doubtful situations, employees may consult their line managers who will seek the advice of MAT Division management and of Laboratory Counsel to determine the applicability of this policy.
- .12 MAT obtains written certifications from potential suppliers about conflict of interest (Forms 958 and 1002) as appropriate.

DISCIPLINE:

- .13 Failure to comply with provisions regulating contract conflict-of-interest practices may result in disciplinary action, up to and including termination of employment.